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SUBJECT: OVERVIEW OF ARGENTINE ENVIRONMENTAL LEGISLATION
2007

REF: BA 0289

11. (U) This telegram is sensitive but unclassified, and not for Internet distribution.

12. (U) There are four major pieces of environmental legislation that have either recently passed or will be on the Argentine national agenda in 2007. These include new laws and proposed legislation on the legal status of the heavily polluted Riachuelo river basin, the promotion of biofuels, the protection of native growth forests and the rational use of non-renewable natural resources. This cable outlines that legislation. End Summary

NEW LAW: RIACHUELO RIVER BASIN CLEANUP

13. (U) In 2006, the Argentine executive branch authored legislation to designate the Riachuelo river basin as a publicly held entity under the national Secretary for the Environment. The legislation came into force in late December 2006. The Riachuelo, which flows exclusively through the jurisdictions of the province and city of Buenos Aires, is among the most polluted rivers in the hemisphere. Environment and Sustainable Development Secretary Romina Piccoloti has made its clean-up and remediation her signature project. The legislation grants the Secretariat wide authority over the land and neighborhoods that abut the river and whose groundwater and sewage systems empty into it. That authority includes the right to close companies that do not comply with Secretariat directives.

14. (SBU) COMMENT: Piccoloti is close to President Kirchner. She came to national attention as one of the most vocal proponents of the Argentine movement to halt Uruguay's construction of a paper mill -- a major irritant in Argentina-Uruguay bilateral relations. Her tenure in the position was coincident with a move of the Secretariat from within the Ministry of Health to a position immediately under the President's Chief of Staff. Many observers believe that, as a result, she invests her position with more power than it has traditionally held. The Secretariat is currently using that power to negotiate with companies and landowners it wishes to relocate from the area surrounding the river.

NEW LAW: BIOFUELS PROMOTION

15. (SBU) In February 2007, President Kirchner signed a new law for the promotion of the study, development, production,

and use of biofuels (Reftel). Experts from NGOs and private firms have noted that while the passage of the law represents a positive trend towards recognition of Argentina's vast potential as a biofuels producer and exporter, the law itself will do little to stimulate growth in the industry. Industry experts have been less charitable, telling the DCM during a biofuels roundtable in March that the new law is deeply flawed, noting that it appears designed to allow the government to micromanage production decisions. Producers are especially concerned by a provision that calls for the federal government to set tax incentive rates on an annual basis, making a stable and predictable market nearly impossible. The biofuels producers also advised that, without significant changes to the agricultural subsidy programs in the U.S. and Europe and changes to Argentine domestic assistance to fossil fuel producers, Argentine biofuels will remain largely uncompetitive.

¶6. (SBU) Political analyst Natalia Machain from the influential Argentine environmental NGO "Fundacion Ambiente y Recursos Naturales" told Emboff that the law, which uses a complicated set of tax incentives to spark investment, is only valuable in that it "begins a discussion about alternative fuels." A central provision of the law requires all petroleum vehicle fuel to include a minimum of 5 percent biofuels by 2010. Machain noted in a May 4 meeting with Emboff that, while the domestic 5 percent rule has received significant press, the legislation was created primarily with a view towards Argentina's future as a biofuels energy exporter. Though Argentina is widely agreed to have great biofuel productive potential, the industry is currently insignificant.

BILL: PROTECTING NATIVE FORESTS

¶7. (U) In May 2006, Chairman of the lower house's Natural Resources Committee Deputy Miguel Bonasso (Convergencia) Capital Federal) introduced legislation to establish minimum protection standards for native growth forests (forests which are primarily comprised of indigenous species). Such forests have been devastated by the expansion of soy and other commodity farming in northern Argentina. The bill calls for a one year moratorium on the sale of publicly held forest land, during which a sustainable management system can be created. In March 2007 the bill passed the lower house and is currently under review in the Senate.

¶8. (SBU) Greenpeace Argentina reports that the federal legislation may be ineffective due to state vs. federal constitutional questions. Further complicating its prospects, FARN political analyst Machain told Emboff that no less than seven Senate committees claim jurisdiction over the bill and that the likelihood of passage is dismal. Machain said that without President Kirchner or his wife Christina's personal intervention and support, the bill will almost certainly die in committee.

¶9. (U) COMMENT: The majority of native growth forests are considered provincial resources and are therefore controlled by provincial governments. Argentine provincial governments tend to guard their independence closely. Should the legislation pass, the provinces are unlikely to view themselves as bound by the proposed federal legislation, setting up a long constitutional battle.

¶10. (U) COMMENT CONT'D: Argentine native growth forests in the northern provinces of Formosa, Chaco, Corrientes, and Misiones have been nearly obliterated since 2001. High worldwide commodity prices, consequently skyrocketing land values, and provincial government corruption have combined over the last six years to confine once abundant forests to only the most mountainous terrain. Most environmental observers agree that the proposed legislation is a case of "too little too late." End Comment.

BILL: NONRENEWABLE NATURAL RESOURCES

¶11. (U) Chairman Bonasso has also introduced a bill to establish minimum environmental protection standards for the &rational use of nonrenewable natural resources.⁸ The bill has potentially wide-ranging implications. Its primary objective is to ensure that the commercial use of nonrenewable resources does not adversely affect the quality of life of local populations. It classifies as nonrenewable all mineral resources, petroleum, natural gas, and coal. The bill's most controversial measure calls for export controls on all such resources. The bill would authorize export of nonrenewable resources only if the verified domestic reserves for that resource exceed ten times the yearly domestic consumption.

¶12. (SBU) Esteban Bicarelli, the Director of the Argentine political consulting firm Blapp, told EmbOff the bill is not expected to proceed quickly. In the near term, he noted that all bills concerning mineral resources are required to move through lower house,s Energy Committee, whose chairperson is currently running for Vice-Governor of the Tierra del Fuego province and is unlikely to take up any new business. The bill will also likely meet with strong opposition from provincial legislatures whose economies rely on the potentially affected industries.

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